

VZCZCXRO3980
OO RUEHBC RUEHDE RUEHIHL RUEHKUK
DE RUEHGB #1155/01 0940857
ZNY CCCCC ZZH
O 040857Z APR 07
FM AMEMBASSY BAGHDAD
TO RUEHC/SECSTATE WASHDC IMMEDIATE 0534
INFO RUCNRAQ/IRAQ COLLECTIVE

C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 001155

SIPDIS

SIPDIS

E.O. 12958: DECL: 04/02/2027

TAGS: [ENRG](#) [EPET](#) [IZ](#)

SUBJECT: PM ADVISOR, THAMIR GHADHBAN'S ADDRESSES STATUS OF
HYDROCARBON LAW PASSAGE

Classified By: ACTING ECONOMIC MINISTER-COUNSELOR EDWARD KLOTH, REASONS
1.5 (B) (D)

¶1. (C) SUMMARY. In an April 2 meeting with emboffs, PM Advisor, Thamir Ghadhban, described a series of actions that the GOI has taken to move the framework Hydrocarbon and related laws forward. The framework Hydrocarbon Law is currently being reviewed by the Shura Council. Because the Shura Council has taken so much time to review the law, the Prime Minister prepared and Executive Order instructing the council to expedite its review. The draft annexes to the framework law have been provided to the Council of Ministers' (CoM) Energy Committee and the KRG for comment. The draft Revenue Management Law was placed in "final form" and comments from the CoM Energy Committee and the KRG have been requested. A subcommittee of the ministerial Energy Committee has been formed to review the draft Iraq National Oil Company (INOC) reconstitution law. The Ministry of Oil reorganization law has been reviewed, placed in "final form" and sent to the CoM Energy Committed and the KRG for comments. The framework Hydrocarbon Law conference originally scheduled for Dubai on April 6, has been postponed until April 20. Ghadhban does not beleve that opposition in the CoR to the framework law is a serious threat to the passage of the law. End Summary.

¶2. (C) On April 2, econoffs and the interim energy attache met with Advisor to the Prime Minister, Thamir Ghadhban, to review the status of the framework Hydrocarbon Law, the Annexes to the framework law, and the INOC reconstitution, Ministry of Oil reorganization and Revenue Management laws. The Shura Council is currently reviewing the framework law, but has not moved as quickly as hoped. As a result, the Prime Minister prepared an Executive Order requesting that the Council expeditiously complete its review so the law can be forwarded to the CoR for action.

¶3. (C) Ghadhban also reported that drafts of the Annexes to the framework law have been provided to the CoM Energy Committee and the KRG for comment. After comments from the KRG and the Energy Committee have been received, the draft annexes will be sent to the CoM. Ghadhban was optimistic that any issues raised by the KRG could be resolved, and the annexes sent to the CoR without having to be reviewed by the Shura Council.

¶4. (C) Ghadhban reported that the GOI version of the Revenue Management Law was discussed with the chief drafter, Minister of Finance Bayan Jabr, and some members of the CoM Energy Committee on April 1 and was placed in "final form." The law will now be sent to the KRG and the CoM Energy Committee as a whole for comments. Ghadhban also reported, however, that the law will be sent to the Shura Council before comments are received from the KRG and the Committee. In its present form, the Revenue Management Law requires that the Minister of Finance send funds to the regions and governorates one month prior to the contemplated expenditure of the funds. This necessitates that the regions and governorates will have

to prepare their budgets and submit them in accordance with the timing contemplated by this process. This concept of the Revenue Management Law differs substantially from the KRG position. Ghadhban stated that efforts will be made to reach consensus with the KRG on the Revenue Management Law, but that protracted negotiations and concessions similar to those made to the KRG in an effort to finalize the framework Hydrocarbon Law will be unlikely. He stated that the law will have to conform to all presently applicable constitutional and budget requirements. Ghadhban said that a KRG negotiating team was due to arrive in Baghdad on April 2.

(Note: after the meeting with Ghadhban, the KRG lead negotiator told econoffs that the KRG team would arrive on Wednesday, April 4.)

15. (C) As for the draft INOC law, Mr. Ghadhban stated that a subcommittee of the Energy Committee had been formed to review the draft. The subcommittee has already met and will shortly meet again to discuss any comments. The draft law will then be sent to the full Energy Committee and then to the KRG. Ghadhban provided no timetable for this effort. He also stated that he has discussed the draft MinOil Reorganization Law with members of the Energy Committee on April 1, and that it will be placed in "final form" and sent to the entire Committee and the KRG for comments.

16. (C) While Mr. Ghadhban is not certain that the package of hydrocarbon laws will be passed by May 31, that is nevertheless, the objective. He noted that all of the laws may not be submitted to the CoR and passed at the same time. He stated, however, that the timing of the laws' submission to, and consideration by the CoR will be sufficiently close to make no difference. Ghadhban said that the laws would be submitted to the CoR sometime in April. He did not consider

BAGHDAD 00001155 002 OF 002

those opposing the laws to be a serious threat to their passage, and indicated that he and others are currently working to counter the anticipated opposition through media outreach efforts. He reiterated, however, that USG public efforts or statements pushing the passage of the hydrocarbon laws by the USG would be counterproductive and jeopardize the process.

17. (C) According to Ghadhban, the CoR sponsored hydrocarbon law conference originally scheduled for April 6 in Dubai has been postponed until April 20. He stated that the reason for the delay was logistical in nature. As currently contemplated, the conference will begin with addresses by Deputy Prime Minister Barham Salih, Oil Minister Hussain al-Shahristani, Planning and Development Cooperation Minister Ali Baban, and Mr. Ghadhban. The conference will also involve panel discussion sessions with outside experts. CoR and other members of the audience will be encouraged to interact with the media. Post will continue to diplomatically urge rapid progress by GOI to pass the hydrocarbon legislation.

CROCKER